



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Raul Peralez
Councilmember Don Rocha
Councilmember Sergio Jimenez
Vice Mayor Magdalena Carrasco

SUBJECT: SEE BELOW

DATE: September 7, 2018

Approved by:

 Date: 9/7/2018

**SUBJECT: RESPONSE TO SANTA CLARA COUNTY CIVIL GRAND JURY
REPORT ENTITLED "AFFORDABLE HOUSING CRISIS: DENSITY
IS OUR DESTINY"**

RECOMMENDATION

Accept staff response to the Santa Clara County Civil Grand Jury Report with the exception of Staff Response Finding 4b and agendize a consideration of a Nexus Study for a City-wide Commercial Linkage Fee (CLF) for the September 18, 2018 City Council meeting.

BACKGROUND

On June 21, 2018, the Civil Grand Jury of Santa Clara County published a report titled "Affordable Housing Crisis: Density is Our Destiny". The report outlined many recommendations to address the housing crisis in the County including strongly urging the City of San José to adopt a commercial linkage fee policy. The Civil Grand Jury Report spoke to the grave nature of our housing crisis, citing data such as:

- The average monthly rent for a two-bedroom apartment in San José jumped 21% to \$2,834 in 2018 from \$2,350 five years ago.
- In 2018, the median price of a single-family home in the County rose to \$1.29 million from \$906,140 in 2017, a staggering 34%.
- From 2012-2016, wages in Santa Clara County, San Mateo County and San Francisco County areas have risen an average of 2.8 percent a year, while average housing rents have risen roughly 9% a year.

When solving a crisis, we should use all the tools in the toolbox. We have fortunately been able to help some of the slow bleeding of residential displacement through updating our Apartment Rental Ordinance, enacting stronger Tenant Protections and considering creative approaches in streamlining our development process. Just two weeks ago, we approved ongoing efforts from Mayor Liccardo and Councilmember Jones to create a Santa Clara County Regional Housing Needs Allocation (RHNA) subregion for the Santa Clara County Cities Association. A commercial linkage fee should be considered as recommended, as an additional tool.

The Civil Grand Jury has illustrated that this is a growing crisis and it would be prudent to revisit this topic so that we can ensure we exhaust all options. Staff response for Finding 4b stated that on June 12 2018, Council directed staff to not move forward with the study. However, that specific motion simply did not proceed because the Council reached a stalemate 5-5 vote. Therefore, this is worth exploring again with a full Council. In light of the Grand Jury Report and taking into account the work staff has done on the linkage fee over the years, placing this issue on the agenda next week would be appropriate.